UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

IN RE: PHARMACEUTICAL INDUSTRY AVERAGE WHOLESALE PRICE LITIGATION	MDL No. 1456 C.A. No.: 01-CV-12257-PBS
THIS DOCUMENT RELATES TO ALL CLASS ACTIONS	Judge Patti B. Saris

WATSON PHARMACEUTICALS, INC.'S RESPONSE TO CLASS PLAINTIFFS' RESPONSE TO AMGEN AND WATSON'S SUPPLEMENTAL OPPOSITION TO CLASS CERTIFICATION

Exhibit 1: Declaration of Timothy Callahan

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DECLARATION OF TIMOTHY CALLAHAN

1. I am currently a Vice President of Sales and Marketing at Watson Pharma, Inc., f/k/a Schein Pharmaceutical, Inc. ("Schein"), a wholly-owned subsidiary of Watson Pharmaceuticals, Inc. (collectively "Watson"). I have been employed by Watson since Watson acquired Schein in 2000. I began working at Schein in 1993 as a sales representative. At the time of Schein's acquisition by Watson, I was a Director of Marketing for the nephrology division, for which INFeD® and Ferrlecit® were (and still are) the leading products. My responsibilities as Director of Marketing included managing the overall strategy and tactics associated with INFeD and Ferrlecit. This included positioning the products, deciding which clinical aspects to focus on, and staying informed as to reimbursement issues. In order to help position the products, and to establish prices, I needed to have an in-depth understanding of the dialysis market, including the market for patients undergoing dialysis due to end-stage renal disease ("ESRD").

2. The opinions set forth in this Declaration are expressed to a reasonable degree of professional certainty, unless otherwise stated.

3. INFeD (iron dextran) is an injectable iron supplement indicated for use in patients with documented iron deficiency for whom oral iron supplementation is unsatisfactory or impossible. During the period covered in this litigation, INFeD was used primarily in patients undergoing dialysis for ESRD. The product has been on the market since 1992 and was owned by Schein when Schein was acquired by Watson.

4. Ferrlecit (sodium ferric gluconate) is an injectable iron supplement indicated for treatment of iron deficiency anemia in patients undergoing chronic hemodialysis who are receiving supplemental epoetin therapy. In other words, it is indicated exclusively for ESRD patients. Ferrlecit was approved by the Food and Drug Administration on February 18, 1999 and launched by Schein in June of 1999. From launch until 2003 (the period covered in this litigation), Ferrlecit was used predominantly for patients undergoing dialysis for ESRD.

5. ESRD patients typically do not receive injectable iron supplementation when they are first diagnosed with ESRD and begin undergoing dialysis.

6. Internal Watson projections (produced in discovery in the form of marketing plans) indicate that in 2001 about 75 percent of the patients receiving Ferrlecit were covered by Medicare, 15 percent were covered by Medicaid, and only about 10 percent were private pay or covered by insurance.

7. Iron dextran[1] and Ferrlecit are drugs that are separately billable to Medicare. In other words, administration of these drugs is not included in the composite rate received by dialysis clinics for hemodialysis treatments.

8. I have reviewed historical records relating to internal average sales prices ("ASPs") calculated by Watson's Finance Department and the average wholesale prices ("AWPs") for the period of 1999 through 2003 and the spread between the two for both INFeD and Ferrlecit. The AWPs for INFeD and Ferrlecit remained constant during the time period. A spreadsheet showing the ASPs and associated spreads is attached as Exhibit A. The spread between the Medicare reimbursement for iron dextran and the internal ASP for INFeD in 1999 to 2000 was between approximately 74 and 103 percent. Exhibit A. This number is computed by dividing the amount of the spread between the Medicare allowed amount (95 percent of AWP) and the ASP by the ASP. The spread between the reimbursement for Ferrlecit and the internal ASP in 1999 to 2000 was between roughly 44 and 74 percent. Id.

9. From 2001 to 2003, the spread on INFeD remained within the range of roughly 80 to 113 percent. Id. During the same period, the spread on Ferrlecit remained within the range of roughly 78 to 102 percent. Id.

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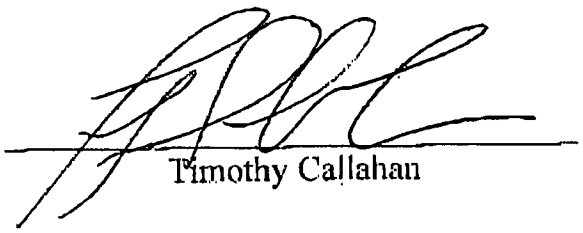
[1] Until January 1, 2006, INFeD and a competitor iron dextran product, Dexferrum, marketed by American Regent Laboratories, Inc., shared a J-Code and were subject to the same reimbursement amount.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 14th day of September, 2007.



Timothy Callahan

Exhibit A

Chart of ASPs and Spreads for INFeD and Ferrlecit
(based on internal Watson Finance Department calculations)

	AWP	Medicare Allowed Amount (95% of AWP)	1999		00Q4		01Q1		01Q2	
			ASP	Spread	ASP	Spread	ASP	Spread	ASP	Spread
Infed	377.00	358.15	206.46	73.47	176.47	102.95	179.88	99.10	168.16	112.98
Ferrlecit	430.00	408.50	283.90	43.89	234.67	74.07	229.45	78.03	215.00	90.00

Chart of ASPs and Spreads for INFeD and Ferrlecit
(based on internal Watson Finance Department calculations)

	01Q3		01Q4		02Q1		02Q2		02Q3		02Q4	
	ASP	Spread	ASP	Spread	ASP	Spread	ASP	Spread	ASP	Spread	ASP	Spread
Infed	179.00	100.08	179.00	100.08	175.12	104.52	182.60	96.14	190.58	87.93	193.17	85.41
Ferrlecit	215.00	90.00	215.00	90.00	202.52	101.71	214.59	90.36	218.03	87.36	215.13	89.89

Chart of ASPs and Spreads for INFeD and Ferrlecit
(based on internal Watson Finance Department calculations)

	03Q1		03Q2		03Q3		03Q4	
	ASP	Spread	ASP	Spread	ASP	Spread	ASP	Spread
Infed	189.07	89.43	191.24	87.28	197.00	81.80	199.39	79.62
Ferrlecit	212.06	92.63	211.61	93.04	217.61	87.72	218.48	86.97